

PEOPLES GAS, INC.

P.O. BOX 245
STANVILLE, KY 41659-0245
606-478-9488
606-478-2767

RECEIVED

APR 29 2004

PUBLIC SERVICE
COMMISSION

April 26, 2004

Case 2004-00152

Mr. Thomas M. Dorman
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Dorman

Enclosed is the Purchase Gas Adjustment Report for Peoples Gas, Inc. I have recently begun completing the necessary paperwork for this company and am unsure of the various requirements and deadlines. I would appreciate any information or publications on these topics that you may be able to send me.

If possible, I would hope the new rates could be approved for our June 5, 2004 billing. I realize that may not be possible due to your deadlines and various requirements.

I have spoken with Dawn McGee, who has been very helpful to me in completing the enclosed report. As I am still confused concerning Schedule V, I would like to request her help in completing this schedule and bringing our reporting up-to-date. I have enclosed the information necessary and hope you will allow her to further assist me.

Please let me know, if there are any problems with the enclosed report. I appreciate your assistance.

Sincerely



Lisha Whitt

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APR 29 2004

PUBLIC SERVICE
COMMISSION

Peoples Gas, Inc.

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

April 27, 2004

Date Rates to be Effective:

June 1, 2004

Reporting Period is Calendar Quarter Ended:

January 31, 2004

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

| <u>Component</u> | <u>Unit</u> | <u>Amount</u> |
|--------------------------------|-------------|---------------|
| Expected Gas Cost (EGC) | \$/Mcf | 10.7837 |
| + Refund Adjustment (RA) | \$/Mcf | |
| + Actual Adjustment (AA) | \$/Mcf | |
| + Balance Adjustment (BA) | \$/Mcf | |
| = Gas Cost Recovery Rate (GCR) | \$/Mcf | |

GCR to be effective for service rendered from 6/1/04 to 9/30/04

| | | | |
|--|--|-------------|---------------|
| <u>A. EXPECTED GAS COST CALCULATION</u> | | <u>Unit</u> | <u>Amount</u> |
| Total Expected Gas Cost (Schedule II) | | \$ | 91,873.40 |
| + Sales for the 12 months ended <u>January 31, 2004</u> | | Mcf | 8,519.66 |
| = Expected Gas Cost (EGC) | | \$/Mcf | 10.7837 |
| <u>B. REFUND ADJUSTMENT CALCULATION</u> | | <u>Unit</u> | <u>Amount</u> |
| Supplier Refund Adjustment for Reporting Period (Sch. III) | | \$/Mcf | |
| + Previous Quarter Supplier Refund Adjustment | | \$/Mcf | |
| + Second Previous Quarter Supplier Refund Adjustment | | \$/Mcf | |
| + Third Previous Quarter Supplier Refund Adjustment | | \$/Mcf | |
| = Refund Adjustment (RA) | | \$/Mcf | |
| <u>C. ACTUAL ADJUSTMENT CALCULATION</u> | | <u>Unit</u> | <u>Amount</u> |
| Actual Adjustment for the Reporting Period (Schedule IV) | | \$/Mcf | |
| + Previous Quarter Reported Actual Adjustment | | \$/Mcf | |
| + Second Previous Quarter Reported Actual Adjustment | | \$/Mcf | |
| + Third Previous Quarter Reported Actual Adjustment | | \$/Mcf | |
| = Actual Adjustment (AA) | | \$/Mcf | |
| <u>D. BALANCE ADJUSTMENT CALCULATION</u> | | <u>Unit</u> | <u>Amount</u> |
| Balance Adjustment for the Reporting Period (Schedule V) | | \$/Mcf | |
| + Previous Quarter Reported Balance Adjustment | | \$/Mcf | |
| + Second Previous Quarter Reported Balance Adjustment | | \$/Mcf | |
| + Third Previous Quarter Reported Balance Adjustment | | \$/Mcf | |
| = Balance Adjustment (BA) | | \$/Mcf | |

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended January 31, 2004

| (1) Supplier | (2) Dth | (3) Btu Conversion Factor | (4) Mcf | (5)** Rate | (5) (4)x(5) Cost |
|-----------------|------------|---------------------------------|------------|---------------|------------------------|
| Columbia Gas | | | 12,818 | 10.2445 | 131,314.01 |

Totals 12,818 131,314.01

Line loss for 12 months ended January 31, 2004 is 15 % based on purchases of 12,818 Mcf and sales of 8,519.66 Mcf.

| | Unit | Amount |
|---|--------|------------|
| Total Expected Cost of Purchases (6) | \$ | 131,314.01 |
| ÷ Mcf Purchases (4) | Mcf | 12,818 |
| = Average Expected Cost Per Mcf Purchased | \$/Mcf | 10.2445 |
| x Allowable Mcf purchases (must not exceed Mcf sales + .95) | Mcf | 8,968.07 |
| = Total Expected Gas Cost (to Schedule IA.) | \$ | 91,873.40 |

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

Fifty First Revised Sheet No. 7
 Superceding
 Fiftieth Revised Sheet No. 7
 P.S.C. Ky. No. 5

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

| | <u>Base Rate</u> <u>Charge</u> \$ | <u>Gas Cost Adjustment</u> <u>Demand</u> \$ | <u>Commodity</u> \$ | <u>Total</u> <u>Billing</u> <u>Rate</u> \$ |
|---|---|---|------------------------|---|
| <u>RATE SCHEDULE IUS</u> | | | | |
| For All Volumes Delivered Per Mcf | 0.3038 | 1.2727 | 8.6680 | 10.2445 |
| <u>Delivery Service</u> | | | | 55.90 |
| Administrative Charge | 55.90 | | | 1.5765 |
| Delivery Rate Per Mcf | 0.3038 | 1.2727 | | 0.0210 |
| Banking and Balancing Service | | 0.0210 | | |
| <u>MAINLINE DELIVERY SERVICE</u> | | | | |
| Administrative Charge | 55.90 | | | 55.90 |
| Delivery Rate Per Mcf | 0.0858 | | | 0.0858 |
| Banking and Balancing Service | | 0.0210 | | 0.0210 |

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

DATE OF ISSUE; March 1, 2004

DATE EFFECTIVE: March 2004 Billing Cycle
 March 1, 2004

Issued by: Joseph W. Kelly

President

Issued by authority of an Order of the Public Service Commission in Case No. 2004-00033 dated February 23, 2004

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended January 31, 2004

| <u>Particulars</u> | <u>Unit</u> | <u>Amount</u> |
|--|-------------|----------------|
| Total supplier refunds received | \$ | |
| + Interest | \$ | |
| = Refund Adjustment including interest | \$ | |
| + Sales for 12 months ended <u>January 31, 2004</u> | Mcf | <u>8519.64</u> |
| = Supplier Refund Adjustment for the Reporting Period (to Schedule IB.) | \$/Mcf | |

SCHEDULE IV

ACTUAL ADJUSTMENT

For the month period ended January 31, 2004

| <u>Particulars</u> | <u>Unit</u> | Month 1 <u>(May)</u> | Month 2 <u>June</u> | Month 3 <u>July</u> |
|--|-------------|-------------------------|------------------------|------------------------|
| Total Supply Volumes Purchased | Mcf | 546 | 642 | 510 |
| Total Cost of Volumes Purchased | \$ | 5383.15 | 5401.50 | 4291.34 |
| ÷ Total Sales (may not be less than 95% of supply volumes) | Mcf | 518.70 | 609.90 | 484.5 |
| = Unit Cost of Gas | \$/Mcf | 10.3781 | 8.8564 | 8.8573 |
| - EGC in effect for month | \$/Mcf | 6.8348 | 6.8348 | 6.8348 |
| = Difference [(Over-)/Under-Recovery] | \$/Mcf | 3.5433 | 2.0216 | 2.0225 |
| x Actual sales during month | Mcf | 571.3 | 286.0 | 216.5 |
| = Monthly cost difference | \$ | 2,024.29 | 578.18 | 437.87 |

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| Total cost difference (Month 1 + Month 2 + Month 3) | \$ | |
| ÷ Sales for 12 months ended <u>January 31, 2004</u> | Mcf | 8,519.66 |
| = Actual Adjustment for the Reporting Period (to Schedule IC.) | \$/Mcf | |

SCHEDULE IV

ACTUAL ADJUSTMENT

For the month period ended January 31, 2004

| <u>Particulars</u> | <u>Unit</u> | Month 1 (<u>Aug</u>) | Month 2 (<u>Sept</u>) | Month 3 (<u>Oct</u>) |
|--|-------------|---------------------------|----------------------------|---------------------------|
| Total Supply Volumes Purchased | Mcf | 510 | 587 | 572 |
| Total Cost of Volumes Purchased | \$ | 4291.34 | 4,770.74 | 5753.27 |
| ÷ Total Sales (may not be less than 95% of supply volumes) | Mcf | 484.50 | 557.65 | 543.40 |
| = Unit Cost of Gas | \$/Mcf | 8.8573 | 8.5551 | 10.5875 |
| - EGC in effect for month | \$/Mcf | 6.8348 | 8.8532 | 8.8532 |
| = Difference [(Over-)/Under-Recovery] | \$/Mcf | 2.0225 | (1.2981) | 1.7343 |
| x Actual sales during month | Mcf | 276.5 | 253.0 | 242.3 |
| = Monthly cost difference | \$ | 559.22 | (75.42) | 420.22 |

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| Total cost difference (Month 1 + Month 2 + Month 3) | \$ | |
| ÷ Sales for 12 months ended <u>January 31, 2004</u> | Mcf | 8,519.66 |
| = Actual Adjustment for the Reporting Period (to Schedule IC.) | \$/Mcf | |

SCHEDULE IV

ACTUAL ADJUSTMENT

For the month period ended January 31, 2004

| <u>Particulars</u> | <u>Unit</u> | <u>Month 1 (Nov)</u> | <u>Month 2 (Dec)</u> | <u>Month 3 (Jan)</u> |
|--|-------------|--------------------------|--------------------------|--------------------------|
| Total Supply Volumes Purchased | Mcf | 739 | 1064 | 2158 |
| Total Cost of Volumes Purchased | \$ | 7432.41 | 19599.64 | 21,925.31 |
| ÷ Total Sales (may not be less than 95% of supply volumes) | Mcf | <u>702.05</u> | <u>1,010.80</u> | <u>2,050.10</u> |
| = Unit Cost of Gas | \$/Mcf | <u>10.5867</u> | <u>10.4764</u> | <u>10.6948</u> |
| - EGC in effect for month | \$/Mcf | <u>8.8532</u> | <u>8.8532</u> | <u>8.8532</u> |
| = Difference [(Over-)/Under-Recovery] | \$/Mcf | <u>1.7335</u> | <u>1.6332</u> | <u>1,8416</u> |
| x Actual sales during month | Mcf | <u>582.7</u> | <u>756.1</u> | <u>2,581.1</u> |
| = Monthly cost difference | \$ | <u>1,010.11</u> | <u>1,234.26</u> | <u>4,753.35</u> |

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|-----------------|
| Total cost difference (Month 1 + Month 2 + Month 3) | \$ | ————— |
| ÷ Sales for 12 months ended <u>January 31, 2004</u> | Mcf | <u>8,519.66</u> |
| = Actual Adjustment for the Reporting Period (to Schedule IC.) | \$/Mcf | ————— |

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended January 31, 2004

| Particulars | Unit | Amount |
|---|--------|--------|
| (1) Total Cost Difference effective four quarters of the currently effective GCR rate | \$ | |
| Less: Dollar amount of \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. | \$ | |
| Equals: Balance Adjustment for the RA. | \$ | |
| (2) Total Supplier Refund used to compute RA prior to the effective date of the currently effective GCR. | \$ | |
| Less: Dollar amount of \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. | \$ | |
| Equals: Balance Adjustment for the RA. | \$ | |
| (3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR. | \$ | |
| Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. | \$ | |
| Equals: Balance Adjustment for the BA. | \$ | |
| Total Balance Adjustment Amount (1) + (2) + (3) | \$ | |
| + Sales for 12 months ended _____ | Mcf | |
| = Balance Adjustment for the Reporting Period (to Schedule ID.) | \$/Mcf | |

4/23/04
Down McGee
with complete
per our conversation
sales info is
attached.
L. Shaughnessy

PEOPLES GAS, INC.

COMPARISON OF GAS PURCHASES VS CUSTOMER SALES

| 2003 | GAS | | DOLLAR AMOUNT | GAS SOLD IN MCF | DOLLAR AMOUNT | GAS | | DOLLAR AMOUNT | GAS SOLD IN MCF | DOLLAR AMOUNT | GAS SOLD IN MCF | DOLLAR AMOUNT | UNBILLED Gas (MCF) | UNBILLED Gas % |
|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|--------------------|----------------|
| | PURCHASE IN MCF | PURCHASE IN MCF | | | | PURCHASE IN MCF | PURCHASE IN MCF | | | | | | | |
| January | 2,904 | 17,603.76 | | 920.1 | 17,470.09 | | 14,672 | 86,764.66 | 8,984.50 | 103,304.99 | 1,983.90 | 68.32 | | |
| February | 2,581 | 15,645.76 | | 831.2 | 15,779.43 | | 15,246 | 89,647.30 | 7,942.20 | 98,751.61 | 1,749.80 | 67.80 | | |
| March | 1,422 | 11,082.34 | | 1,761.3 | 17,345.68 | | 14,834 | 90,097.58 | 7,891.30 | 98,249.57 | -339.30 | -23.86 | | |
| April | 1,487 | 12,142.10 | | 917.8 | 9,213.57 | | 15,479 | 97,358.45 | 7,789.20 | 97,201.62 | 569.20 | 38.28 | | |
| May | 546 | 5,383.15 | | 571.3 | 5,855.60 | | 15,201 | 97,964.71 | 7,780.10 | 97,138.49 | -25.30 | -4.63 | | |
| June | 642 | 5,401.50 | | 286.0 | 3,302.95 | | 15,323 | 100,043.83 | 7,594.50 | 95,412.80 | 356.00 | 55.45 | | |
| July | 510 | 4,291.34 | | 216.5 | 2,753.41 | | 15,322 | 101,070.28 | 7,508.90 | 94,502.38 | 293.50 | 57.55 | | |
| August | 510 | 4,291.34 | | 276.5 | 2,850.25 | | 15,342 | 102,230.91 | 7,558.90 | 94,455.26 | 233.50 | 45.78 | | |
| September | 587 | 4,770.74 | | 253.0 | 2,791.62 | | 15,546 | 105,034.75 | 7,656.50 | 94,810.87 | 334.00 | 56.90 | | |
| October | 572 | 5,753.27 | | 242.3 | 2,682.67 | | 15,467 | 107,444.81 | 7,677.30 | 94,525.82 | 329.70 | 57.64 | | |
| November | 739 | 7,432.41 | | 582.7 | 6,200.07 | | 14,710 | 107,194.51 | 7,846.20 | 96,170.88 | 156.30 | 21.15 | | |
| December | 1064 | 10,599.64 | | 756.1 | 8,392.46 | | 13,564 | 104,397.35 | 7,614.80 | 94,637.80 | 307.90 | 28.94 | | |
| 2004 | COLUMBIA | | PEOPLES | | PEOPLES | | 12 MTH AVG | | 12 MTH AVG | | 12 MTH AVG | | | |
| | PURCHASE IN MCF | DOLLAR AMOUNT | GAS SOLD IN MCF | DOLLAR AMOUNT | PURCHASE IN MCF | DOLLAR AMOUNT | PURCHASE IN MCF | DOLLAR AMOUNT | GAS SOLD IN MCF | DOLLAR AMOUNT | GAS SOLD IN MCF | DOLLAR AMOUNT | UNBILLED Gas (MCF) | UNBILLED Gas % |
| January | 2,158 | 21,925.31 | 1,825.0 | 17,526.47 | 12,818 | 108,718.90 | 8,519.66 | 94,694.18 | 333.04 | 15.43 | | | | |
| February | 2,158 | 21,925.31 | 1,888.7 | 18,549.75 | 12,395 | 114,998.45 | 9,577.16 | 97,464.50 | 269.30 | 12.48 | | | | |
| March | 1,988 | 20,198.28 | 1,544.2 | 15,447.78 | 12,961 | 124,114.39 | 9,360.06 | 95,566.60 | 443.80 | 22.32 | | | | |
| April | | | | | 11,474 | 111,972.29 | 8,442.26 | 86,353.03 | 0.00 | #DIV/0! | | | | |
| May | | | | | 10,928 | 106,589.14 | 7,870.96 | 80,497.43 | 0.00 | #DIV/0! | | | | |
| June | | | | | 10,286 | 101,187.64 | 7,584.96 | 77,194.48 | 0.00 | #DIV/0! | | | | |
| July | | | | | 9,776 | 96,896.30 | 7,368.46 | 74,441.07 | 0.00 | #DIV/0! | | | | |
| August | | | | | 9,266 | 92,604.96 | 7,091.96 | 71,590.82 | 0.00 | #DIV/0! | | | | |
| September | | | | | 8,679 | 87,834.22 | 6,838.96 | 68,799.20 | 0.00 | #DIV/0! | | | | |
| October | | | | | 8,107 | 82,080.95 | 6,596.66 | 66,116.53 | 0.00 | #DIV/0! | | | | |
| November | | | | | 7,368 | 74,648.54 | 6,013.96 | 59,916.46 | 0.00 | #DIV/0! | | | | |
| December | | | | | 6,304 | 64,048.90 | 5,257.86 | 51,524.00 | 0.00 | #DIV/0! | | | | |

